ABSTRACT

Research on brand equity and brand image management (e.g. Aaker and Keller, 1990; Keller, 1993; Park, Jaworski, and MacInnis, 1986; Park, Milber, and Lawson, 1991; Roth, 1992, 1995) suggests that marketers should develop brand image strategies before focusing on tactical marketing mix issues. In general, when the name of a brand is mentioned, the first idea that comes to the consumer's mind is the corporate image associated with it. Thus, a brand image not only implies an actual brand meaning, which is set up in the beginning, and managed over time, but also is reflected by a consumer's perception of the producing company reputation. Therefore, the image of a brand is mainly determined by corporate reputation, which means that corporate reputation can influence the performance of a branded product. Therefore, this study will investigate instances where brand image strategy and performance are moderated by corporate reputation.

At the same time, many researchers have investigated on strategic-performance relationship. The literature on strategic-performance dates back to the beginning of the 1970s. For many years, marketing and
advertising managers and researchers have wrestled with the issue of brand image strategy applications. However, significant differences between consumers, corporate cultures, and market structures, probably justify some additional problems over brand image strategy (Park, Jaworski, and MacInnis, 1986; Roth, 1995).

As stated above, brand image in consumer’s mind reflects a series association of the corporation it belongs to. Thus it is important to discover brand image concepts in this study. Brand image has been acknowledged as an important area of research. This is because companies can increase their market share and growth rates by establishing a strong brand image in the minds of their customers (Roth, 1995). In this way, a good brand image can increase brand loyalty. Brand image is defined as perceptions about a brand as reflected by the brand’s associations held in the consumer’s memory (Herzog, 1963; Newman, 1957); it is constituted by a series of pictures and ideas in people’s minds that sum up their knowledge of a brand (Levy, 1978), that, taken together, imply certain expectations of the customers (Gensch, 1978). However, Park, Jaworski, and MacInnis (1986) propose brand image as a strategic device for helping the brand concept to be implemented by means of an exercise in brand management.

In most previous studies, performance has usually been seen as a direct and objective phenomenon (Matsuno and Mentzer, 2000; Smith and Wright, 2004; Roberts and Dowling, 2002) that can be assessed by simply measuring the outcome of a company’s revenue and sales volume. It can be divided into two parts: financial and non-financial. Financial performance is usually used as a general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or in order to compare industries or sectors in aggregation. Non-financial performances are those such as ‘value’, ‘success’, and ‘significance’ (Amir and Lev, 1996). This study will use financial performance, such as market share to measure the outcome of this research. As stated by Roth (1995), the success of brand image strategies is contingent on their ‘fit’ with local market conditions.

Corporate reputation has been tested as an influential factor of a company’s financial performance (Dunbar and Schwalbach, 2000; Roberts and Dowling, 2002). It is a representation of corporate history and serves as a means of conveying strategic information about the quality of a firm’s products or services in comparison with those of its competitors (Yoon et al., 1993). Herbig and Milewicz (1993) defined it as the totality of a firm’s consistent attributes over a period of time. Similarly, Wartick (1992) argued that corporate reputation is the summation of a single stockholder’s impression of corporate performance. As mentioned previously, there is evidence that similarly constructed aggregated measures of reputation speak most directly of a firm’s reputation as an investment.

The review of existing literature indicates that these disciplines have been addressed as distinct areas in the study and are independent of one another. Consequently, very little is known regarding the relationship that brings these concepts together. Therefore, it is apparent that there is insufficient research in this area of study. As such, this study attempts to bridge this gap by bringing branding issues into the strategic-performance literature, and developing a theoretical framework that binds these concepts together. Internal organizational factors and external environmental factors will be examined with strategic brand image management theory (Park, Jaworski, and MacInnis, 1986) which specifies brand image as a strategic device for helping the brand concept to be implemented by means of an exercise in brand management.

This study is conducted in order to address two research questions. First, how do managers make their strategic decision regarding a product’s brand image in a company? How do they develop their brand image strategy? A conceptual framework (See Figure1) will be prescribed to help managers determine the degree to which they apply brand image strategy across generic markets. This study empirically explores whether corporate reputation relates to brand image strategy selection by the managers. Second, how does corporate reputation mediate/moderate the effects of a brand image strategy on performance? The study identifies the issue related to corporate reputation that managers should consider when making brand image strategy decisions. This implies that reputation which is related to strategy selection will also relate to brand performance. If these matters are found to be of significance, managers should identify the kind of corporate reputation that moderates brand performance and use it as a basis for strategy selection.

These questions will be examined empirically by combining survey data from local marketing managers with secondary data on corporate reputations. A hybrid methodology will be employed to investigate the relationships between the study’s constructs. Two methodological approaches will be adopted in order to collect
data for the development of the measurement scales to be used: quantitative and qualitative research methods, such as the semi-structured interview and the focus group.

Newly developed medicine products are internationally regularized and protected by patents for 10–20 years. Generic medicine may only be manufactured legally in the rest of the world when the patent has expired. Therefore, after the patent expires, generic drugs become much cheaper due to both competition and the fact that research and marketing costs do not need to be factored in. The reason these are called “generic” is to distinguish them from those products produced by the original producer (i.e. the company that invented or developed them); as such they are not easily differentiated from other generic products, and should be given their own brand names. Since medicine products are very similar in function and attributes, generic medicine much more influenced by the reputation of the company that the product belongs to.

In addition, this study will examine the applicability of theories about strategy performance developed in the West to a non-Western context (specifically Eastern in this study). Therefore, the research setting will be the pharmaceutical industry in Taiwan, which employs 12,000 people (out of a total population of 22 million people). The sales volume of this industry reached 2.1 billion US dollars in 2007 which contributed 5.76 percent to the GDP of the Taiwan (Sun, 2007), a figure which, compared with those of most advanced countries, are relatively low. This means there is still huge growth potential in this market.

The value of this research will extend the existing literature on the relationship between corporate reputation and brand image. In general, the present study will add to the existing branding and strategy-performance literature. It will also offer practitioners a causal model, as well as acting as a guide to enhance the brand image of the product of a company.

This study will be divided into four main sections. The first section provides an introduction to the study and gives an insight into the issues being investigated. The second section presents a comprehensive review of the existing literature in relation to corporate reputation, the issues that bind the concepts of brand image strategy, corporate reputation, and financial performance. A theoretical framework highlighting the relationship that brings these concepts together will be presented. A discussion is followed with the implications of the study – in theory and in practice, which identifies areas for future research and makes a call for the pursuit of research in these areas. A summary of issues discussed is provided at the end of this paper.

REFERENCE


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Figure 1. Proposed Conceptual Framework